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Anguilla

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I. Background information

A. Geography

1. Anguilla lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/St. Martin. The Territory has a relatively flat topography, a total area of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley, where 42 per cent of the population resides.

B. History

2. Originally inhabited by the Arawaks, Anguilla was first colonized by British settlers in 1650. For administrative purposes, it was associated with Saint Kitts and Nevis from 1871 to 1980. Following the dissolution of the Federation of the West Indies in 1962, Saint Kitts-Nevis-Anguilla became a State in association with the United Kingdom of Great Britain and Northern Ireland. In 1967, the Anguillan people staged a number of demonstrations to demand secession from Saint Kitts and Nevis. In the referendum held in July 1967, the vote was 1,813 to 5 in favour of independence. As a result, the legal ties to Saint Kitts were severed. Demonstrations and protracted negotiations were followed by the intervention of British security forces in 1969 and the Anguilla Act of 1971, whereby the United Kingdom reassumed direct responsibility for the administration of the Territory, appointed a Commissioner and provided for the establishment of an Island Council. A separate Constitution came into effect in February 1976. In 1980, the Territory formally withdrew from the Associated State of Saint Kitts-Nevis-Anguilla and became a separate dependency (now Overseas Territory) of the United Kingdom.

3. In 1981 further constitutional talks between the Governments of Anguilla and the United Kingdom were held. The Chief Minister of Anguilla recommended that a new constitution, while not providing for a full measure of internal self-government, should nevertheless grant a substantial degree of additional local responsibility to the Government of Anguilla. The Anguilla House of Assembly approved the changes and the United Kingdom enabled the Anguilla (Constitution) Order to come into force on 1 April 1982. An outline of the Order is provided in the report of the United Nations visiting mission to Anguilla of 1984 (see A/AC.109/799, paras. 19-27). After the general election of 1984, the newly elected Government appealed for wider powers for the Executive Council, as well as for more aid and investment in the Territory's economy and infrastructure from the United Kingdom.

4. The latest Anguilla Constitution (Amendment) Order was adopted in 1990. The current Constitution evolved from the 1976 and the 1982 Constitution Orders and is the fourth Constitution that applies solely to Anguilla.

C. Population

5. In 2002 the Government of Anguilla released official data from the latest census, conducted in 2001. According to the census, Anguilla's population was 11,561. Women made up 51 per cent of the population and men 49 per cent. The

average annual increase in the population between 1992 (year of the previous census) and 2001 was 3.2 per cent. This was a slightly lower increase than the 4.3 per cent between 1984 and 1992. There are several thousand Anguillans living abroad, particularly in the United States of America, the United Kingdom and the United States Virgin Islands. Non-Anguillans increased in proportion to the total population from 9.2 per cent in 1984 to 23.2 in 1992 to 27.4 per cent in 2001.

6. The 2001 census included a question on ethnic or racial origin for the first time since the 1960 census. According to the census, people of African descent made up 90 per cent of the population, compared to 78 per cent in 1960. The largest decline has been among those of mixed origin, who made up 5 per cent of the population in 2001 and 21 per cent in 1960. Caucasians made up 4 per cent of the population in 2001, compared to less than 1 per cent in 1960. According to the Department of Statistics, the change may be attributed to the difference in self-identification of the respondents.

7. For the first time, the 2001 census included a question on languages spoken. It showed that 99 per cent of the population speaks English well enough to carry on a conversation. Spanish or Chinese were the most common mother tongues among non-English speakers. Finally, when asked about their religion, 29 per cent of the population identified themselves as Anglicans, and 24 per cent as Methodist. Pentecostal, Church of God, Seventh Day Adventist and Baptist all represented 7 to 8 per cent of the population, while Roman Catholics represented 6 per cent.[1]

II. Constitutional, legal and political issues

A. Constitutional structure

8. According to the Anguilla (Constitution) Order 1982, the Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs, internal security, public services and offshore finance. On all other matters, the Governor is required to consult with and act on the advice of the Executive Council. The Executive Council consists of the Governor as Chairman, the Chief Minister, not more than three other ministers and two ex officio members (the Attorney General and the Deputy Governor). The House of Assembly is elected for five-year terms. It comprises a Speaker, seven members elected from single-member constituencies, the same two ex officio members as in the Executive Council and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition.

9. The powers of the Governor are considerable. He holds executive power to override the decisions of the Executive Council, with the approval of the Secretary of State. He appoints the ministers, the nominated members of the House of Assembly and the Parliamentary Secretary, who may be selected from among the elected or nominated members of the Assembly. The Governor presides over the Executive Council. At present the Governor of Anguilla is Peter Johnston, appointed in February 2000.

10. In March 1999, the Government of the United Kingdom of Great Britain and Northern Ireland issued a White Paper on the relationship between the United

Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). The White Paper proposed the extension of British citizenship to the citizens of the Territories; at the same time, it required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services to meet international standards. The Bill received Royal Assent on 26 February 2002 as the British Overseas Territories Act 2002 (A/AC.109/2002/2/Add.1) and came into force on 21 May 2002. The new law grants the right to full British citizenship to all inhabitants of the Overseas Territories and formally abolishes the term "colony". Under the law, Anguilla Islanders can obtain British passports, which will allow them, among other things, to live and work in the United Kingdom and the European Union without restrictions. The acquisition of British citizenship is not mandatory. At the same time, the new law does not allow British and European citizens the reciprocal right to live in the Overseas Territories.[2]

11. Within the framework of the White Paper, the Committee for Constitutional and Electoral Reform, appointed in 2001, continued its work throughout 2002. In a number of public meetings different parts of the Constitution were discussed. The conclusion of the work of the Committee is expected in 2003.

12. According to information provided by the administering Power, the issues brought to light during the Constitutional Review process were discussed at the United Kingdom Overseas Territories Consultative Council in London in September 2002.[3] The Minister for Finance of Anguilla said that the review process in the Territory was still at the awareness-raising stage. However, early indications suggested that the population of the Territory wanted substantial reform of the electoral process and power-sharing between the Governor and elected representatives. The Chief Minister noted that, although Anguilla has had good Governors, two of them had been atheists. In his opinion they should never have been appointed to the Territory because Governors had to respect the culture and Christianity of the community. The British Minister for Overseas Territories remarked that it was unlawful to discriminate on grounds of religion or belief in making public appointments. Regarding the general issue of the power of the Governor, the British Minister agreed that the recommendations that received the strongest public support would be given careful consideration, but she could not guarantee that all proposals would be accepted. She also defended the role of Governors, saying that they had to ensure that standards and practices of the Overseas Territories were consistent with Her Majesty's Government's priorities and international requirements.

B. Legal system

13. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of Saint Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts. The Chief Justice of the Eastern Caribbean Supreme Court has announced the introduction of new initiatives to improve the functioning of the courts in the subregion, which includes Anguilla. These initiatives include the

revision of the Supreme Court rules, case management, the need for court reporting throughout the subregion, computerization, unification of the Family Court, and the need for judicial reform and judicial education. According to press reports, the Anguilla Bar Association agrees in principle with the pursuit of a Caribbean Court of Justice to replace the British Privy Council as the legal redress of last resort, but it has reservations about full implementation. In 1991 the British Government abolished capital punishment for the crime of murder in Anguilla, as well as in several other British Dependent Territories.[4]

14. A number of legislative acts have been adopted in order to improve the regulation of the financial sector of Anguilla's economy, including the Proceeds of Criminal Conduct Act 2000, the Money Laundering Reporting Authority Act 2000, the Anti-Money Laundering Regulations 2000 and the Guidance Notes on the Prevention of Money Laundering.

C. Political parties and elections

15. As reported in the 2000 working paper (see A/AC.109/2000/15, para. 8), constitutional deadlock in 1999 led to a political crisis that was finally resolved by elections in March 2000. These elections brought to power a coalition formed by the Anguilla National Alliance and the Anguilla Democratic Party and led by Chief Minister Osbourne Fleming of the Anguilla National Alliance. This coalition, known as the United Front, was maintained throughout the review period. The Anguilla National Party is the opposition. The next elections are due by June 2005.

D. Political issues

16. Within the framework of the White Paper, which called, among other things, for a modernization of the relationship between the United Kingdom and each of its Overseas Territories, the representatives of the Governments of the United Kingdom and Anguilla agreed on a series of strategic objectives to promote economic and social development and democratic and accountable Government. These were embodied in a three-year Strategic Country Programme for 2000-2003, by which the Government of Anguilla undertook to implement a plan of action for economic and social development whose provisions included the expansion of public infrastructure, environmental management and improving public services. The Government of the United Kingdom agreed to assist in the implementation of the programme by providing £2.25 million in 2000/01, £1.7 million in 2001/02 and £1.5 million in 2002/03.

17. As was reported in last year's paper (A/AC.109/2002/3, para. 16), another aspect of the White Paper was the requirement that Anguilla review its Constitution to ensure that it conformed to the United Kingdom's international obligations, particularly with regard to human rights and financial regulations.

18. The Chairman of the Constitutional Review Committee requested the assistance of the United Nations Development Programme (UNDP) in providing information on, inter alia, the following themes: the role of the State in economy and society; sovereignty in the context of "globalized" decision-making; cooperative governance arrangements; appropriate constitutional forms for small States; methods of phasing in new constitutional arrangements; the rights, duties and

responsibilities of peoples; the promotion of civil society; and the development of institutions for popular participation in decision-making.

III. Budget

19. In December 2002, Anguilla's Minister for Finance and Economic Development introduced in the House of Assembly the 2003 budget document entitled "Being Effective Stewards Today". He affirmed that the budget came at the end of a difficult financial year. There had been zero gross domestic product (GDP) growth for 2002. He also reported that tourist arrivals for January-October 2002 were 12.3 per cent below the same period in 2001. The construction sector also showed weak performance. The revenue from import duties fell from 52 per cent of total revenue in 2001 to 37 per cent in 2002. Given an accumulated fiscal deficit of Eastern Caribbean dollars (EC) $15.5 million at the end of 2001, the Ministry of Finance recommended special measures to restore fiscal stability. These measures included the following: 7 per cent cut in budgeted expenditures; a hiring freeze; improved collection of property tax, accommodation tax and business licences; an increase in the embarkation tax; new airline ticket, airport security, and tourism marketing taxes; and a drive to increase revenue from the offshore sector. On the basis of the proposed measures, the United Kingdom allowed the accumulated deficit to be converted into a long-term loan, thus reducing the Government's interest costs. As a result, recurrent expenditure for 2002 was expected to total EC$ 82 million, 2.8 per cent above the 2001 figure, but 15.4 per cent below the budget projection of EC$ 96.2 million. Recurrent revenue for 2002 was projected at EC$ 79 million, up by 8.7 per cent from 2001. The overall deficit for 2002 was estimated at EC$ 3.5 million, or just over 1 per cent of GDP.[5]

20. According to the 2003 budget document, the Government will continue efforts to stabilize the economy. The 2003 budget estimated EC$ 89 million recurrent expenditure to finance government services. The recurrent revenue budget was established at EC$ 92.1 million, showing a revenue surplus of EC$ 3.1 million. Presenting the budget, the Minister announced that a number of fees would be increased to reflect their economic cost. Other fees were to be adjusted in line with inflation and other economic conditions. Pier dues, tonnage dues, port dues, telecommunications fees and court fees were among the areas to be affected by the revenue-raising measures. The Minister also addressed the issue of property taxes. In 2002 a task force worked with the Lands and Surveys Department to ensure that all properties were registered in order to improve tax collection. In addition, the Minister for Finance announced the introduction, as from 1 January 2003, of an environmental levy to be collected by the Anguilla Electricity Company on behalf of the Government with the payment of electricity bills. The tax would be at the rate of 5 per cent of the electricity bill of each household or business. This is expected to provide $1.5 million in 2003. An additional 1 per cent duty will be added on all imported items. According to the Minister, it would be a temporary measure, to be reviewed following the restoration of fiscal stability. The revenue yield from this measure would amount to an estimated $2.3 million.[6]

21. Expenditure controls will also be strengthened, and a new fiscal review team would report each month to a fiscal evaluation group chaired by the Finance Minister. Total capital spending for 2003 is a projected EC$ 37 million. Locally funded capital expenditure is budgeted at EC$ 14 million, to be offset by local

capital revenue of EC$ 15 million, raised mainly by the local sale of shares in the electric company, Anglec, by March 2003. An additional EC$ 23 million in capital spending will be funded from external sources, to include EC$ 8 million in United Kingdom grants, an EC$ 5.4 million grant from the European Development Fund and an EC$ 9.9 million Caribbean Development Bank loan for road construction.[7]

IV. Economy

A. General

22. As reported in the previous working papers (A/AC.109/2001/13 and A/AC.109/2002/3), after a decade of rapid growth, the economy of Anguilla slowed in 2000 as a result of natural disasters. In particular, hurricane Lenny, which hit at the end of 1999, inflicted US$ 62 million worth of damage. The sharp drop in the number of tourists has resulted in an economic contraction and, as a consequence, a decline in government revenues, at least in the short term. In addition to tourism, another substantial source of revenue for Anguilla is remittances sent back to the Territory by several thousand Anguillans working abroad, mostly in the United States, the United Kingdom and the United States Virgin Islands. Such income naturally falls when recession hits those countries' economies. Thus, the slowdown in remittance flows has placed additional pressure on the economy.[8]

23. According to the Economist Intelligence Unit, the gross domestic product (GDP) totalled EC$ 291.5 million in 2001 and EC$ 307.1 million in 2002. For 2003 zero growth of GDP was projected.

24. According to the Government of Anguilla, economic projections for 2002-2004 suggest that the overall picture would mainly depend on developments in merchandise imports and the tourism industry. The current account deficit is anticipated to increase in 2003, mostly owing to the planned construction projects (airport, roads resurfacing and a new golf course). Some recovery is expected in the tourism sector, subject to positive economic developments in the United States. Foreign direct investment is expected to grow in 2003, mostly in construction.

25. The Government of Anguilla is constrained by its status as a British Overseas Territory from borrowing freely on the money markets. In this regard, the Government intended to develop a financing strategy, including a borrowing strategy, particularly to deal with the fiscal deficit. At the meeting of the United Kingdom Overseas Territories Consultative Council in London in September 2002, the borrowing guidelines, as set out by the White Paper, were discussed. Anguilla's Finance Minister said that he understood the need for enhanced financial discipline. Nonetheless, he argued that Anguilla would have problems in building up reserves to the level required by the relevant ratio. Since Anguilla did not have the social safety net to protect the unemployed, public service employment levels would have to be maintained. The Minister affirmed that the Anguilla Government was prepared to work with Her Majesty's Government to agree on borrowing guidelines, provided that they took account of the Territory's particular difficulties.

26. The problems faced by the economy of Anguilla during the past year, leading to reduced economic growth, presented significant challenges to the Government in the implementation of the strategic country programme for 2000-2003. Under this

programme the Government of Anguilla agreed that it was necessary to diversify the economy so as to reduce its vulnerability to external shocks. A new stage of the Strategic Country Programme was negotiated between the Government of the United Kingdom and the Government of Anguilla in May/June 2002. The Programme defined the respective responsibilities of the two Governments to work together towards the sustainable development of the Territory. According to the plan, the United Kingdom development assistance programme for Anguilla, administered by the Department for International Development, would be £2.9 million over the next two years. In addition, Anguilla would also benefit from Department-funded regional British overseas projects. The development assistance would support economic growth and self-sufficiency through sensible economic growth and financial management, and would ensure that basic needs were met. The main elements of the Department's programmes would be poverty assessments, education, good governance, health and social development.[9]

B. Economic sectors

Agriculture and fishery

27. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the dry conditions and unpredictable rainfall patterns prevailing in Anguilla, agriculture continues to play an important part in the livelihood of the local people.

28. Agriculture and fishing contributed 2.5 per cent to GDP in 2000 and engaged 4.2 per cent of the employed labour force. In 2002, the Anguilla Department of Agriculture estimated that the total agricultural output, without including hydroponic produce, amounted to EC$ 634,000, compared to EC$ 629,000 in 2001.[10]

29. According to press reports, at the end of 2002 an American fishing company (North Atlantic) proposed to the Government of Anguilla to establish a fish-processing project in the Territory. The project would include the participation of individual fishermen of the Territory. The company, which is a leading purchaser of fish from South and Central America, is primarily interested in tuna, sword-fish, shark, snapper and other fish close to shore. In February 2003, the Chamber of Commerce in Anguilla appealed to all local fisherman to examine the business plan and to participate in the project.[11]

Industry/manufacturing

30. Industry, including mining, manufacturing and construction, accounted for 17.5 per cent of GDP in 2000 and engaged 20.6 per cent of the employed labour force. According to the Eastern Caribbean Central Bank, industrial GDP increased by an annual average of 7.5 per cent from 1994 to 2000 but decreased by 5.2 per cent in 2000 in real terms, primarily owing to a reversal in the sharp expansion of construction activity.[12]

31. The small mining and manufacturing sector comprises salt production, building-block manufacturing and shipbuilding. The mining and quarrying sector contributed only 0.9 per cent of GDP in 2000 and engaged only 0.2 per cent of the

working population. Boatbuilding and fish processing accounted for 1.1 per cent of GDP.

Tourism

32. Tourism continues to dominate the Anguillan economy. The hotel and restaurant sector is the largest contributor to GDP, accounting for 26.1 per cent in 2000. Tourist expenditure for 2000 totalled EC$ 149.2 million. In 2001 the tourist industry, which was still recovering from the natural disasters of the previous two years, suffered immediate and severe consequences of the attacks of 11 September. Stopover tourism in 2001 recorded 49,100 visitors, with 63 per cent of them coming from the United States and 17 per cent from Europe. In 2002, according to the Chief Minister and Minister for Tourism, the tourist industry employed 1,587 persons or 26 per cent of Anguilla's labour force and provided EC$ 15 million in revenues to the Government.[13]

Finance

33. Anguilla has a small but rapidly expanding international finance sector, specializing in trust and company registration, which brings in about 13 per cent of the Territory's GDP. Anguilla entered the field of financial services relatively late, the key legislation having been passed in 1994. There are no income, estate or capital gains taxes. Nor are there any exchange controls, and, although the official currency is the Eastern Caribbean dollar, the United States dollar is commonly used.

34. As has been reported in the previous working papers (see A/AC.109/2001/13, paras. 31-35 and A/AC.109/2002/3, paras. 43-47), Anguilla's financial services largely meet current international standards. Nevertheless, in June 2000 the Organisation for Economic Cooperation and Development (OECD) listed Anguilla as one of 35 jurisdictions whose tax regimes were potentially harmful to the rest of the world. In March 2002, Anguilla committed to cooperate with OECD and was removed from the list of uncooperative tax jurisdictions.[14] Attached to the letter of commitment was a phased implementation plan outlining the measures that the Government will take by end of 2005 to conform to the principles of transparency and effective exchange of information.

35. In the following months, the OECD continued to exercise pressure on the jurisdictions on its original list. In April 2002 it unveiled a model agreement for effective information exchange, which would target taxes on income or profit, capital, net wealth, and on estate, inheritance and gifts. At the same time, the targeted jurisdictions entered jointly into negotiations with OECD in order to protect their sovereignty and the privacy of their clients. Between 26 October and 1 November 2002 Anguilla participated in the meeting of OECD members with representatives of the targeted jurisdictions hosted by the Government of Cayman Islands.[15]

36. The issue of cross-border taxation of saving accounts, including in offshore financial centres, has been discussed within the framework of the European Union since 1998. Following the request by the Government of the United Kingdom in October 2002 that the Caribbean Overseas Territories provide details of all savings account holders registered in the Territories by 15 November 2002, the Ministers of the non-self-governing Territories, including Anguilla, held an emergency meeting in the Cayman Islands. Although the Territories reaffirmed their willingness to

cooperate, they stressed the need for a fair, transparent and non-discriminatory approach to the problem.[16]

37. Yet another initiative related to taxation was undertaken by the European Union in March 2003. According to press reports, European Finance Ministers decided that their tax authorities would automatically exchange information among each other. This decision would affect the Overseas Territories, including Anguilla. Some countries, however, were granted a transitional period before entering into the agreement. The plan has drawn protests from Caribbean Overseas Territories.[17]

38. In order to strengthen regional economic integration in 2002, Anguilla offered its financial products in a newly opened stock exchange in St. Kitts. The stock exchange will trade corporate stocks and government securities in Anguilla.[18] According to press reports, in the first year of operation the securities exchange saw moderate trading.[19]

39. The Government continued to focus on the development of Internet-based commerce. The domain name registry project commenced operations in September 2001. Owing to discouraging global economic prospects, the projections for revenue from this source had to be revised downwards, but significant results were expected in 2002.

C. Transport and communications

Roadways

40. According to 1998 estimates, Anguilla has a total of 279 kilometres of roads, of which 253 are paved. The continuation of the Government's road improvement programme was the second priority of the capital budget (after development of the airport). In 2000 the Government spent EC$ 5 million on roads, most of it financed by the National Bank of Anguilla and the Caribbean Commercial Bank. In its 2001 budget the Government committed EC$ 15 million to road improvement. Of this, $10 million would come from a loan from the Caribbean Development Bank and $5 million from European Development Fund grants.

41. According to Police Department statistics, in 2001 there were 5,829 licensed vehicles on the road and 3,737 drivers' licences issued in Anguilla. In November 2002, the Department of Infrastructure produced five thousand maps and installed new directional and road signs to enable members of the local population and tourists to familiarize themselves with the road system.[20]

42. At the beginning of 2003, the Hurricane Lenny Rehabilitation Road Programme started at East End and Little Harbour. The initial stage of the project will cost EC$ 7.88 million and it should be completed in ten months. The Government of Anguilla contributed EC$ 780,000 while the Caribbean Development Bank provided a loan for EC$ 7.1 million.[21] The total cost of the programme will be EC$ 12 million. According to press reports, the loan will cover 80 per cent of construction costs while the Government will cover the remaining 20 per cent.[22]

Seaports

43. Anguilla has two ports, one at Blowing Point and the other at Road Bay. As of December 2001 Anguilla had three ships registered with Lloyd's of London, with a total displacement of 701 tons.[23] In its 2001 budget the Government proposed transforming the Seaport Department into a corporate entity with a view to achieving long-term sustainable and autonomous funding.

Airports

44. Anguilla has three airports, two of which are unpaved and have runways less than 1,000 metres long. The main airport, Wallblake, is paved and has a runway of 1,100 metres. As there are no refuelling facilities, aeroplanes can land only when carrying enough fuel to return, limiting the loads they may carry. The Government's top capital expenditure priority in 2001 was the acquisition of land near the airport in order to begin expanding it in 2002.

45. As reported in last year's working paper (A/AC.109/2002/3, para. 51), the 2003 budget allocated EC$ 2.4 million to compensate landowners for the acquisition of their land and buildings for the extension of the runway of Wallblake Airport. According to the initial plan the extended runaway would have measured 4,600 feet.[24] However at the beginning of 2003, after meeting with the British Government, the Chief Minister announced that the runway would be extended to 5,606 feet and that the overall project would cost $19 million. This extension would allow private jets to land on the island. The target date for starting the airport work is September 2003. According to the Minister for Finance, the British Government has approved the borrowing of up to $15 million from commercial banks in Anguilla and the Caribbean Development Bank, while $7 to $8 million should be made available under the European Development Fund. Finally, the Anguilla Government will contribute an additional $4 million from the sale of shares in the Anguilla Electricity Company, as well as from recurrent surpluses.[25] It is expected that the runway will be completed by March/April 2004 without disruption of service during the period of construction.

Communication

46. Anguilla has a modern internal telephone system and a microwave relay to St. Maarten/St. Martin for international calls. The system is operated under a monopoly by Cable & Wireless Ltd., which has a number of Caribbean franchises. The communications sector accounts for 11.9 per cent of real GDP.

47. Among measures to improve the economic situation in the Territory, the Government proposed the liberalization of the telecommunications sector. The Ministry of Infrastructure, Communications and Utilities produced a telecommunications policy document and a timetable for phased liberalization, to be implemented from 2001 to 2003.[26]

48. In 2002, Cable & Wireless took steps to improve service. It launched a new high-speed Internet service in Anguilla. The new system will offer more bandwidth over the existing copper telephone wires, allowing simultaneous voice and Internet service.[27]

49. In an attempt to stabilize the territorial budget, the Government imposed, as part of the 2003 budget, an increase in the fee to be paid by the local cable TV

company to the Government per subscriber per month. As of January 2003, the fee increased from $1 to $1.80.[28]

V. Social conditions

A. General

50. Living standards and social indicators in Anguilla compare favourably with those of other countries in the region. The literacy rate is 95 per cent. According to the results of the 2001 census, the life expectancy for a female at birth is 78 years, while for a male it is 77.9 years, showing a considerable increase from 1974 when it was 69 years for females and 65 years for males.

51. Anguilla has had a social security scheme since 1982. In the 2001 budget the Government announced plans to establish a permanent programme within the Social Security Board to assist the elderly and other economically deprived groups. In 2002 the Minister of Finance reported that the British Government had provided assistance for initial studies and was funding the Country Poverty Assessment Project. The results of these undertakings will determine the extent of further assistance to vulnerable social groups.

52. In July 2002, within the framework of the Country Poverty Assessment Project, the Government of Anguilla conducted a survey on Anguillean household income and expenditure. The survey showed that there are five income groups with approximately equal number of households, with the income brackets ranging from less than EC$ 20,930 at the lower end to more than EC$ 92,342 at the higher end. According to the survey's preliminary estimates, the average annual overall spending per household was EC$ 49,720.[29]

B. Labour

53. According to the most recent census, in 2001 the economically active population in Anguilla (persons aged 14 years and over) numbered 6,050 (3,222 males and 2,828 females). At that time, 28.6 per cent worked in hotel and restaurants, 14.9 per cent in construction, 11.9 per cent in the public administration, and 7.8 per cent in financing and insurance. Unemployment was 6.7 per cent.[30] According to the Labour Force Survey and the Poverty Survey completed in July 2002, the unemployment rate was 7.8 per cent of the total labour force.

C. Education

54. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the government policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms. In 2001, the Albena Lake-Hodge Comprehensive School enrolled 1,147 students, of whom 586 were female and 561 male.[31]

55. According to the Minister of Finance, in 2002 the Government focused on planning for the rehabilitation and upgrading of the facilities of the Albena Lake-Hodge Comprehensive secondary school and the expansion of educational service delivery to include tertiary-level programmes, especially in tourism and technical and commercial occupations and subjects. The Government also intends to develop plans for adult and continuing education and to hold initial discussions on the need for a community college.

56. In February 2003, the Anguilla Government distributed 80 computers and 30 printers to public primary schools. The equipment was provided by the Mount Sinai School District of New York.[32] The Cable & Wireless Ltd. offered high speed Internet Service to the Public Library and all schools on the Island. The new system will cost Cable & Wireless EC$ 20,000 a year.[33]

D. Public health

57. Despite the economic problems, the Government remains committed to providing primary health care for all Anguillans. Its health priorities include the conversion of the Princess Alexandra Hospital to a statutory health authority; the strengthening of the Primary Health Care Department; the expansion of mental health and psychiatric services; the development of the Environmental Health Section of the Primary Health Care Department; and the improvement of the coverage and quality of solid-waste disposal services. The Government also planned to transform the Primary and Secondary Health Departments into a Health Authority. Among the priorities will be the expansion of the Water Laboratory, the completion of the maternity suite at the Princess Alexandra Hospital and the completion of the dialysis facility.

58. The United Kingdom Department for International Development is funding the health sector strategy to support the Government of Anguilla in health sector reform. In December 2002, the report for the establishment of a Health Authority in Anguilla was presented to the Minister for Social Development.

59. In January 2003, a new polyclinic opened at Welches, in the eastern end of Anguilla. The new structure will provide a full range of medical, dental and nursing services to residents in that part of the island. The British Government contributed EC$ 536,000 towards the cost of the construction, and the Anguilla Government provided over EC$ 480,000 from its consolidated fund. The new facility replaced the Island Harbour Clinic, which was located in an area that usually flooded during heavy rain.[34]

E. Immigration

60. As was reported in the previous working paper (A/AC.109/2002/3, paras. 62-64) Anguilla's economic development, over the past decade, created a demand for labour from outside the island.

61. According to latest census estimates, non-Anguillans have increased in proportion to the total population from 9.2 per cent in 1984 to 23.2 per cent in 1992 to 27.4 per cent in 2001. The largest proportion of non-Anguillans is among those of working age, coming in particular from Commonwealth Caribbean countries. This

category showed the largest increase between 1992 and 2001, namely, from 10 per cent to 15 per cent.

62. In 2002, the Anguilla Government decided to impose visa restrictions on citizens from Jamaica and Guyana in an attempt to restrict illegal employment. According to the Government, while other Caribbean islands could afford to entertain free movement, Anguilla simply did not have the capacity to do so. The Governments of Jamaica and Guyana requested the Secretary General of CARICOM to use his good offices to bring about a solution to the impasse, saying that the action taken by Anguilla ran contrary to the letter and spirit of regional grouping.[35]

F. Crime

63. As reported previously (A/AC.109/2002/3, para. 69), the crime rate in Anguilla is relatively low by regional standards.

64. In the 2001 Census, the inhabitants of age 15 and over were asked if they had ever been victims of crime in the past year. Of all the respondents, 2.6 per cent answered positively and of these 70 per cent had reported the crime to the police. According to the survey, white people were more often victims of crime than people of other ethnic origins. However, those of mixed ethnic origin were more likely to report the crime to the police.

VI. Environment

65. As described in previous years (see A/AC.109/2000/15, paras. 32-34 and A/AC.109/2002/3, para. 70), the Government of Anguilla is committed to an action plan on the environment as part of its strategic country programme agreement.

66. Considerable support is provided to Anguilla by the environmental projects of the Department for International Development within the framework of the United Kingdom Environmental Charter for the Overseas Territories. Anguilla will benefit from a new £1.5 million fund for environmental issues in the Territories, set up by the Foreign and Commonwealth Office. The territorial Government will cooperate with the Government of the United Kingdom to achieve specific goals related to conservation of natural resources and sustainable development, within the framework of the Anguilla Environment Charter.[36]

VII. Relations with international organizations/arrangements

67. Anguilla is a member of the Eastern Caribbean Central Bank, the Organization of Eastern Caribbean States and an associate member of the Association of Caribbean States and the Economic Commission for Latin America and the Caribbean and of the Caribbean Community and Common Market. As a dependency of the United Kingdom, Anguilla has the status of Overseas Territory in association with the European Union.

68. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional projects of the international organizations and agencies.

69. In June 2002, representatives of Anguilla participated in the meeting of the Organization of Eastern Caribbean States (OECS) in St. Kitts. During the meeting, leaders from OECS countries discussed progress reports on the free movement of their nationals, and the OECS Economic Union project.

70. A representative of Anguilla was invited to participate in the World Summit on Sustainable Development held in South Africa between 26 August and 4 September 2002.[37]

VIII. Future status of the Territory

A. Position of the territorial Government

71. The constitutional review is being undertaken by the Constitutional Review Committee, set up by the territorial Government in cooperation with the administering Power and with the assistance of UNDP. Throughout 2002, Anguilla Government organized a series of town hall meetings to discuss proposed constitutional amendments and the Territory's relationship with the United Kingdom (see also para. 12).

B. Position of the administering Power

72. On 1 October 2002, the representative of the United Kingdom made a statement before the Special Political and Decolonization Committee (Fourth Committee) (see A/C.4/57/SR.3) in which she said that her Government, as an administering Power, was pleased to report that further progress had been made towards modernization and development of the relationship between the United Kingdom and its Overseas Territories. The fourth annual meeting of the Overseas Territories Consultative Council had been held in London in September 2002, providing a forum for structured political dialogue between democratically elected Chief Ministers and Ministers of her Government with regard to the relationship, based on partnership, between the United Kingdom and its Territories. It also enabled those present to consult on matters, such as the process of constitutional review, human rights and environmental issues arising from the United Kingdom's international commitments.

73. The partnership between the United Kingdom and its Overseas Territories continued to evolve: on 26 February 2002, the British Overseas Territories Act had become law, with effect 21 May 2002, granting citizens of the Territories British citizenship, with right of abode in the United Kingdom and freedom of movement in Europe; it formally changed the nomenclature from "Dependent" to "Overseas" Territories in order to more accurately reflect the nature of the relationship. Furthermore, constitutional review was under way in almost all the Territories, for the first time with the participation of locally appointed review commissions, with a view to providing each Territory with a modern constitution suitable for its long-term development which reflected its specific circumstances. Some reviews were almost complete, others were well under way, and Ascension Island, for example, would have an elected island council by the end of 2002.

74. The United Kingdom representative added that work was under way to implement the Guiding Principles of the Environment Charter for the Overseas Territories, adopted in September 2001. Pilot projects had been approved for two Territories and would be carefully monitored for suitability elsewhere. Multilateral environmental agreements would be extended to the Territories and national legislation would be strengthened. Projects had been implemented to address key areas, such as habitat restoration, surveys of living resources, tackling of invasive species and capacity-building for civil society institutions. Her Government would also assist the Territories to access regional and bilateral European Commission trade, economic and development assistance within the framework of the November 2001 Overseas Association Decision.

75. The wishes of the peoples of the Territories, exercised in accordance with the Charter of the United Nations and other international treaties, were of paramount importance for the United Kingdom. The relationship between her Government and its Territories was based on fundamental principles, such as self-determination, mutual obligations, freedom for the Territories to run their affairs to the greatest degree possible and the firm commitment from her Government to help the Territories economically and during emergencies.

76. The representative of the United Kingdom said that there was a basic commonality of approach between her Government and the Committee and she therefore regretted that certain resolutions, in particular those of the Special Committee on Decolonization, did not always properly reflect that commonality. The annual omnibus resolution recalled that there was no alternative to the principle of self-determination and it was unfortunate that the Special Committee continued to apply that principle selectively. Her Government fully intended to continue to work with the Special Committee, as had been demonstrated by the presence of a representative of her Government at the regional seminar of the Special Committee held in Fiji in 2002.

C. Consideration by the United Nations

77. On 11 December 2002, the General Assembly adopted, without a vote, resolution 57/138 A and B, section II of which concerns Anguilla.

Notes

[1] *Demography, Culture, Migration, Crime, Marital Status and Fertility of the Resident Population of Anguilla according to the May 2001 Census*, Statistic Department, Ministry of Finance, Government of Anguilla. http://www.gov.ai/statistics/census/index.htm.

[2] The Observer, London (United Kingdom), 12 May 2002.

[3] The Fourth Overseas Territories Consultative Council, Report of the Proceedings, 26-27 September 2002.

[4] *Europa World Yearbook 2002*: "United Kingdom Overseas Territories: Anguilla".

[5] Economist Intelligence Unit, *Country Profile: Anguilla, 2001/2002*.

[6] *The Anguillian*, 13 December 2002.

[7] Economic Intelligence Unit. Budget 2003.

[8] NewsEdge, 14 January 2002.

[9] Department for International Development (DFID) — Anguilla.

[10] Statistic of Department of Agriculture.

[11] *The Anguillian*, 16 January 2003; 27 February 2003.

[12] *Europa World Yearbook 2002*: "United Kingdom Overseas Territories: Anguilla".

[13] *The Anguillian*, 6 February 2003.

[14] "Commitment of Anguilla". http://www.oecd.org/pdf/M00027000/M00027081.pdf.

[15] http://www.oecd.org/EN/document/0,,EN-document-103-3-no-12-36128-0,00.html.

[16] *Wall Street Journal*, 22 November 2002

[17] www.accountancyage.com.

[18] *Financial Times*, 2 January 2002.

[19] *BBC Monitoring Americas*, 1 November 2002.

[20] *The Anguillian*, 16 November 2002.

[21] *The Anguillian*, 23 January 2003.

[22] *The Anguillian*, 16 November 2002.

[23] *Europa World Yearbook 2002*: "United Kingdom Overseas Territories: Anguilla".

[24] *The Anguillian*, 13 December 2002.

[25] *The Anguillian*, 20 February 2003.

[26] NewsEdge, 28 September 2001.

[27] *The Anguillian*, 11 November 2002.

[28] *The Anguillian*, 13 February 2003.

[29] Anguilla Government "Poverty Assessment Study" www.gov.ai/statistics/Press%20Release%20Poverty.htm#_ftnref2.

[30] Populat on Census 2001.

[31] http://www.gov.ai/statistics/EDUCATION%20TABLES.htm.

[32] *The Anguillian*, 13 February 2003.

[33] *The Anguillian*, 6 March 2003.

[34] *The Anguillian*, 6 February 2003.

[35] *BBC Monitoring Americas*, 5 July 2002.

[36] www.dfid.gov.uk.

[37] A/CONF.199/2.